

Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

ROCKWELL AUTOMATION INC

Form 11-K

June 26, 2003

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the  
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

ROCKWELL AUTOMATION, INC.  
777 East Wisconsin Avenue, Suite 1400  
Milwaukee, Wisconsin 53202

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

TABLE OF CONTENTS

	PAGE NO. -----
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statements of Net Assets Available for Benefits December 31, 2002 and 2001	2
Statements of Changes in Net Assets Available for Benefits Years Ended December 31, 2002 and 2001	3
Notes to Financial Statements	4
SUPPLEMENTAL SCHEDULE:	
Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets Held for Investment Purposes, December 31, 2002	9
SIGNATURE	10
EXHIBITS:	
Independent Auditors' Consent	11
Certifications	12

Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

INDEPENDENT AUDITORS' REPORT

To the Rockwell Automation Retirement Savings Plan  
for Certain Employees and to Participants therein:

We have audited the accompanying statements of net assets available for benefits of the Rockwell Automation Retirement Savings Plan for Certain Employees (the "Plan") as of December 31, 2002 and 2001, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2002 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP  
Milwaukee, Wisconsin  
June 13, 2003

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
DECEMBER 31, 2002 AND 2001

2002                      2001

-----

ASSETS

Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

INVESTMENTS:

Master Defined Contribution Trust	\$2,338,095	\$3,199,215
Loan Fund	34,415	33,364
	-----	-----
Total investments	2,372,510	3,232,579
	-----	-----

TOTAL NET ASSETS AVAILABLE  
FOR BENEFITS

\$2,372,510	\$3,232,579
=====	=====

See notes to financial statements.

- 2 -

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	\$ 3,232,579	\$ 13,475,700
	-----	-----
INCOME:		
(Loss) earnings from investments:		
Net loss in Master Defined		
Contribution Trust	(207,831)	(1,705,716)
Interest	2,284	16,954
	-----	-----
Total loss from investments	(205,547)	(1,688,762)
	-----	-----
Contributions:		
Employer	-	552,066
Employee	-	1,850,201
	-----	-----
Total contributions	-	2,402,267
	-----	-----
Total (loss) income	(205,547)	713,505
	-----	-----
EXPENSES:		
Payments to participants or beneficiaries	654,522	4,013,984
Administrative expenses	-	4,591
	-----	-----
Total expenses	654,522	4,018,575
	-----	-----
NET LOSS	(860,069)	(3,305,070)
	-----	-----

## Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

NET TRANSFERS FROM THE PLAN	-	(6,938,051)
	-----	-----
NET DECREASE	(860,069)	(10,243,121)
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ 2,372,510	\$ 3,232,579
	=====	=====

See notes to financial statements.

- 3 -

### ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN FOR CERTAIN EMPLOYEES

#### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2002 AND 2001

##### 1. DESCRIPTION OF PLAN

The following brief description of the Rockwell Automation Retirement Savings Plan for Certain Employees (the "Plan"), formerly named Rockwell Retirement Savings Plan for Certain Employees, is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

- a. General - The Plan is a defined contribution savings plan sponsored by Rockwell Automation, Inc. ("Rockwell"), formerly named Rockwell International Corporation. The Employee Benefit Plan Committee and the Plan Administrator control and manage the operation and administration of the Plan. Wells Fargo, N.A. (the "Trustee") is the Trustee of the Plan. The assets of the Plan are managed by the Trustee and several other investment managers. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

On June 29, 2001, Rockwell completed the spinoff of its Rockwell Collins avionics and communications business into an independent, separately traded, publicly held company by distributing all of the outstanding shares of Rockwell Collins, Inc. ("Rockwell Collins") to Rockwell's shareowners on the basis of one Rockwell Collins share for each outstanding Rockwell share. After the spinoff, participants that were employees of Rockwell Collins were allowed to elect to transfer their balances to plans established by their employer. Participant balances in the amount of \$6,705,976 were transferred to a Rockwell Collins plan. As a result of the spinoff, the Plan was frozen with contributions no longer made by or on behalf of participants. See Note 5 which describes additional changes to the Plan.

Participants were allowed to invest in seven investment funds and the following stock funds which were specific to the Plan:

Stock Fund A (employer contributions) - Invests principally in the common stock of Rockwell but may also hold cash and cash equivalents.

## Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

Stock Fund B (employee contributions) - Invests principally in the common stock of Rockwell but may also hold cash and cash equivalents.

Boeing Stock Fund - Invests principally in the common stock of The Boeing Company but may also hold cash and cash equivalents.

ArvinMeritor Stock Fund - Invests principally in the common stock of ArvinMeritor, Inc. but may also hold cash and cash equivalents.

Conexant Stock Fund - Invests principally in the common stock of Conexant Systems, Inc. but may also hold cash and cash equivalents.

Rockwell Collins Stock Fund - Invests principally in the common stock of Rockwell Collins but may also hold cash and cash equivalents.

Skyworks Stock Fund - Invests principally in the common stock of Skyworks Solutions, Inc. but may also hold cash and cash equivalents.

- 4 -

The Boeing, ArvinMeritor, Conexant, Rockwell Collins, and Skyworks Stock Funds are closed to any additional employer and employee contributions. Any dividends on common stock related to employer contributions received on behalf of these funds are paid to Stock Fund A. Any dividends on common stock related to employee contributions received on behalf of these funds are paid to the Rockwell Stable Value Managed Fund ("stable value fund").

- b. Participation - Participation in the Plan was extended to certain employees of certain collective bargaining units within Rockwell Collins who were eligible to participate, as defined in the Plan document. As a result of the spinoff, the plan was frozen with contributions no longer made by or on behalf of participants. Prior to the spinoff, participants were allowed to contribute up to a maximum of 16% of base compensation, as defined in the Plan document. Participant contributions were made either before or after United States federal taxation of a participant's compensation. However, pre-tax contributions by highly compensated participants were limited to 12% of the participant's base compensation.

Participants who have attained age 65 and retired and elected to defer distribution until a later date, may elect on a daily basis to transfer in 1% increments or specified dollar amounts of the participant's interest in Stock Fund A to one or more of the investment funds.

- c. Investment Elections - Participants could elect to have participant contributions made to any of the funds that were available to participant contributions in 1% increments among any or all of these funds. Participants could change such investment elections on a daily basis. If a participant did

## Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

not have an investment election on file, contributions were made to the stable value fund.

The Plan invests in the stable value fund which invests primarily in guaranteed investment contracts (GICs) and money market investments. The GICs are benefit-responsive and stated at contract value. The weighted average crediting interest rate for the stable value fund was 5.81% and 6.10% at December 31, 2002 and 2001, respectively.

Participants could elect to contribute to a guaranteed return fund which was invested in an insurance contract with the Prudential Insurance Company of America until its expiration on April 2, 2001. The guaranteed return fund contract provided a variable guaranteed annual return to participants for the contract period. The crediting interest rate for the contract was 5.82% at December 31, 2000. The funds invested in the guaranteed return fund contract were automatically transferred into the stable value fund upon its expiration.

- d. Unit Values - Participants do not own specific securities or other assets in the various funds, but have an interest therein represented by units valued as of the end of each business day. However, voting rights are extended to participants in proportion to their interest in Rockwell common stock held in Stock Fund A and Stock Fund B, as represented by common units. Participants' accounts are charged or credited for Plan earnings or loss from investments, as the case may be, with the number of units properly attributable to each participant.
- e. Employer Contributions - During 2001, Rockwell contributed to the Plan an amount equal to 55% of the participant's contribution up to a maximum of \$550. Rockwell contributions were made to Stock Fund A.
- f. Vesting - Plan participants became fully vested in all account balances as a result of the Rockwell Collins spinoff.

- 5 -

- g. Loans - A participant can obtain a loan in the amount as defined in the Plan document (not less than \$1,000 and not greater than \$50,000 reduced by the participant's highest outstanding loan balance during the 12 month period before the date of the loan or 50% of the participant's vested account balance less outstanding loans) from the balance of the participant's account. Loans are secured by the remaining balance in the participant's account. Interest is charged at a rate equal to the prime rate plus 1%. The loans can be repaid through payroll deductions over terms of 12, 24, 36, 48 or 60 months or up to 120 months for the purchase of a primary residence, or in full at any time after a minimum of one month. Payments of principal and interest are credited to the participant's account. Participants can have up to two outstanding loans at a time.
- h. Forfeitures - When certain terminations of participation in the Plan occur, the nonvested portion of a participant's account represents a forfeiture, as defined in the Plan

## Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

document. Forfeitures remain in the Plan and subsequently were used to reduce Rockwell's contributions to the Plan. However, if the participant is reemployed with Rockwell and fulfills certain requirements, as defined in the Plan document, the participant's account will be restored.

- i. Plan Termination - Contributions to the Plan have been suspended in accordance with ERISA. The Plan is frozen and each participant's employer contribution account is fully vested. Benefits under the Plan will be provided solely from the Plan assets.
- j. Withdrawals and Distributions - Active participants may withdraw certain amounts up to their entire vested interest when the participant attains the age of 59-1/2 or is able to demonstrate financial hardship. Participant vested amounts are payable upon retirement, death or other termination of employment.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Valuation of Investments - Investment in the Master Defined Contribution Trust is stated at fair value except for the benefit-responsive GICs, which are stated at contract value (Note 1c). Purchases and sales on securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The loan fund is stated at cost which approximates fair value.
- b. Expenses - Plan fees and expenses, including fees and expenses in connection with the provision of administrative services by external service providers, are paid by Rockwell.
- c. Use of Estimates - Estimates and assumptions made by the Plan's management affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases to the Plan during the reporting period. Actual results could differ from those estimates.
- d. Payment of Benefits - Benefits are recorded when paid.
- e. Risks and Uncertainties - The Plan invests in various investments. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

- 6 -

### 3. MASTER DEFINED CONTRIBUTION TRUST

At December 31, 2002 and 2001, with the exception of the participant loan fund, all of the Plan's investment assets were held in the Master Defined Contribution Trust ("Master Trust") account at Wells Fargo, N.A. Use of the Master Trust permits the commingling of the trust

## Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

assets of a number of benefit plans of Rockwell and its subsidiaries for investment and administrative purposes. Although assets are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net earnings or loss of the investment accounts to the various participating plans.

The Master Trust investments are valued at fair value at the end of each day except for the benefit-responsive GICs, which are valued at contract value (Note 1c). If available, quoted market prices are used to value investments. If quoted market prices are not available, the fair value of investments is estimated primarily by independent investment brokerage firms and insurance companies.

The net earnings or loss of the accounts for each day are allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of all participating plans.

The net assets of the Master Trust at December 31, 2002 and 2001 are summarized as follows:

	2002	2001
	-----	-----
Cash and equivalents	\$ 30,847,729	\$ 26,896,546
Common stocks	1,231,983,302	1,517,780,621
Mutual funds	305,886,443	375,758,692
Preferred/convertible securities	3,834,375	3,045,546
Investments in common collective trusts:		
Stable value fund	583,562,332	558,611,089
Fidelity U.S. equity index fund	95,486,091	130,249,787
Accrued income	586,782	621,155
Pending trades	1,175,677	(893,132)
	-----	-----
Net assets	\$ 2,253,362,731	\$ 2,612,070,304
	=====	=====

The net loss of the Master Trust for the years ended December 31, 2002 and 2001 is summarized as follows:

	2002	2001
	-----	-----
Interest	\$ 34,034,580	\$ 39,078,134
Dividends	33,132,739	44,001,783
Net depreciation in fair value of investments:		
Common stocks	(128,658,298)	(398,976,496)
Mutual funds	(58,591,682)	(50,802,436)
Investments in common collective trusts	(28,283,536)	(21,417,146)
Other	(1,528,742)	(1,797,770)
	-----	-----
Net loss	\$ (149,894,939)	\$ (389,913,931)
	=====	=====



The Plan's interest in the total Master Trust as a percentage of net assets of the Master Trust was less than 1% at both December 31, 2002 and 2001. While the Plan participates in the Master Trust, the investment portfolio is not ratable among the various participating plans. As a result, those plans with smaller participation in the common stock funds recognized a disproportionately lesser amount of net depreciation in 2002 and 2001.

4. TAX STATUS

The Internal Revenue Service has determined and informed Rockwell by letter dated October 3, 2002, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC.

5. CHANGES IN THE PLAN

Effective June 1, 2001, the name of the plan changed to Rockwell Automation Retirement Savings Plan for Certain Employees.

Effective June 29, 2001, the Plan was amended to allow for the discontinuance of contributions to the Plan from and on behalf of employees of Rockwell Collins and the creation of the Rockwell Collins Stock Fund. In conjunction with the Rockwell Collins spinoff, all Plan accounts of active Rockwell Collins' participants became fully vested.

On June 25, 2002, Conexant Systems, Inc. ("Conexant") spun off its wireless communications business prior to the merger of that business with Alpha Industries, Inc., which was subsequently renamed Skyworks Solutions, Inc. ("Skyworks"). As a result of the spinoff and the merger, Conexant shareholders received 0.351 of a share of Skyworks common stock for each outstanding Conexant share. The Plan was amended on June 5, 2002, to allow the creation of the Skyworks Stock Fund to hold the distributed shares of Skyworks.

6. SUBSEQUENT EVENT

In March 2003, Conexant announced its plan to spinoff to shareholders Mindspeed Technologies, Inc., its Internet infrastructure business ("Mindspeed"). At the time of spinoff, Conexant shareholders will receive one share of Mindspeed for every three shares of Conexant common stock held as of record on June 20, 2003.

\* \* \* \* \*

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

FORM 5500, SCHEDULE H, PART IV, LINE 4I -  
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES,  
DECEMBER 31, 2002

Edgar Filing: ROCKWELL AUTOMATION INC - Form 11-K

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING COLLATERAL, RATE OF INTEREST, MATURITY DATE, PAR OR MATURITY VALUE	COST	CURRENT VALUE
-----	-----	-----	-----	-----
*	Wells Fargo, N.A.	Master Defined Contribution Trust	\$ 2,745,783	\$ 2,338,095
*	Various participants	Participant Loans; prime rate plus 1%, due 2003 to 2007	34,415	34,415
	Total investments		\$ 2,780,198	\$ 2,372,510
			=====	=====

\*Party-in-interest

- 9 -

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized.

ROCKWELL AUTOMATION RETIREMENT SAVINGS PLAN  
FOR CERTAIN EMPLOYEES

By /s/ Roger Freitag

-----  
Roger Freitag  
Plan Administrator

Date: June 26, 2003

- 10 -